

<b>To:</b>	Board	
<b>Date of Meeting:</b>	27 November 2013	<b>Item:</b> Paper (13) 86

<b>Title:</b>	LSB Corporate Risk Register
<b>Workstream(s):</b>	Corporate
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<b>Status:</b>	Protect

<b>Summary:</b>
<p>This paper presents the LSB Corporate Risk Register (<b>Annex A</b>) for consideration.</p> <p>At its May meeting the Audit and Risk Committee (ARC) asked the Executive to carry out a substantial review of the LSB's Corporate Risk Register and, in particular, to reduce the number of risks (then standing at 52) to ensure that there is a clear focus on the risks that the Gateway Group were actively managing.</p> <p>This paper explains how the review was conducted and presents the revised Register for consideration.</p> <p>Since the fundamental review, the Register has been subject to three formal reviews by the Gateway Group (in line with the LSB's risk management strategy). It was also reviewed by the ARC on 23 October 2013. Their comments have been reflected in the register and a summary of the discussion included in this paper. The Register itself includes Gateway Group changes made following the ARC discussion.</p>

<b>Recommendation(s):</b>
The Board is invited to consider and note the Corporate Risk Register.

<b>Risks and mitigations</b>
<b>Financial:</b>
<b>Legal:</b>
<b>Reputational:</b>
<b>Resource:</b>

Consultation	Yes	No	Who / why?
<b>Board Members:</b>	✓		Members of the ARC reviewed the register at the meeting on 23 October 2013.

<b>Consumer Panel:</b>		✓	
<b>Others:</b>			

<b>Freedom of Information Act 2000 (Fol)</b>		
<b>Para ref</b>	<b>Fol exemption and summary</b>	<b>Expires</b>
14-17 19-20 Annexes A and B	Section 36(2)(b)(ii) – likely to inhibit the exchange of views for the purposes of deliberation	

## LEGAL SERVICES BOARD

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### LSB Corporate Risk Register Executive Summary

#### Background / context

1. This paper presents:
  - The LSB Corporate Risk Register (**Annex A**)
  - Heat map showing where all the risks sit within our risk matrix (**Annex B**)
2. Since the Board last reviewed the Corporate Risk Register it has undergone a whole scale review and has been considered and updated three times by the Gateway Group.
3. This paper a) explains how the fundamental review was carried out, b) summarises the changes that have been made since the review and the ARC discussion and c) presents the revised Register for consideration.

#### Review process

4. At the May 2013 meeting of the ARC, the Executive were asked to carry out a substantial review of the LSB's Corporate Risk Register and, in particular, to reduce the number of risks on the register (standing at 52) and ensure that they were focused on the actual risks that the Gateway Group were actively managing at any one time.
5. We carried out the review using a similar process to that used in the 2012 review. This included a workshop with members of the Gateway Group in which they were asked to reflect upon the programme of work set out in the 2013/14 Business Plan and – starting with a blank sheet - to identify risks that could affect the LSB's ability to deliver our objectives and therefore perform our duties under the Act.
6. Colleagues were asked to identify risks against the following headings:
  - The LSB's strategic priorities for 2012-15
  - Regulatory performance and oversight
  - Strategy development and research
  - Statutory decisions
  - The organisation as a whole
  - Corporate operations

- Stakeholders
7. After cross-checking and consolidating of similar and overlapping risks, the process identified 16 'areas of concern', which were reviewed and mapped to the Risk Register in use at that time. Some of the 'areas of concern' mapped directly to risks that we were already managing, others were similar to existing risks but had a slightly different focus which could be addressed with some redrafting and there were seven new 'areas of concern' that did not map to any risks on the prevailing register.
  8. Alongside this process, the whole organisation took part in an exercise to map the 'background noise' to the LSB's operating environment – with a view to identifying what the base level for identifying and managing risk should be. The purpose of this was to filter out what is simply part and parcel of our operating environment and which we are managing constantly so that we can more clearly focus on **changes** to that environment eg where relationships with stakeholders are deteriorating from a 'normal' level of fractiousness.
  9. The Gateway Group then redrafted the Register using the 16 areas of concern as the starting point. This process resulted in the generic risks that we have used in previous years no longer being included. It also addressed the Committee's concern about the size of the current register and ensured that the register held meaningful risks that were being actively managed by the organisation.
  10. A mapping exercise has been completed to demonstrate which risks have been carried over from the old register to the new (albeit refocused) and which risks are new.
  11. The new register, now containing 20 risks, then underwent a three stage review process:
    - The risks were discussed with the CEO to ensure that he agreed that their focus was correct and that there was no repetition or omissions.
    - The register was sent to Steve Green and Terry Babbs for comment. Steve fed back some comments that were incorporated into the register and Terry met us and provided useful challenge based on his initial reactions to the risks contained on the register and whether they represented actual risks that we could manage or simply reflected the environment that we operate in and that we have no ability to change.
    - The Gateway Group were asked to review the final draft register (now 18 risks), consider whether the focus of the risks was correct and to provide scoring and mitigation for each risk. When this was complete the group

reviewed the register again to consider and agree whether it was an accurate reflection of the current climate of risk that we are operating in.

**LSB Risk Register**

12. The revised Corporate Risk Register is presented at **Annex A**. The ARC reviewed it on the 23 October 2013 and it has also been reviewed three times by the Gateway Group (twice before the ARC and once following their meeting).

13. Since August no new risks have been identified.

14. [Redacted]

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

15. [Redacted]

- [Redacted]
- [Redacted]

- [Redacted]
- [Redacted]

16. [Redacted]

- [Redacted]

**Summary of ARC discussion.**

17. [Redacted]

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

- [Redacted]
- [Redacted]

**Heat map**

18. A heat map is shown at **Annex B**. The majority of risks sit within a risk rating range of six to twelve, demonstrating that generally, the LSB is operating within a manageable level of risk, however some risks do require considerable active management.

19. [Redacted]

20. [Redacted]

**Recommendation (s)**

21. The Board is invited to consider and note the re-scoped LSB Corporate Risk Register.

27/11/2013